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High fuel costs blamed for dwindling highway fund

WASHINGTON (AP) - The federal highway trust fund will run out of money this month, requiring delays in payments to state transportation construction projects, Transportation Secretary Mary Peters said Friday.

The trust fund - a federal account used to help pay for highway and bridge projects - will run about \$200 million short of its commitments for the fiscal year, which ends Sept. 30, Peters said.

The shortfall will mean short delays - and in some cases a temporary reduction - in payments to states for infrastructure projects the federal government has agreed to help finance.

The failure to produce a solution forced Arizona on Friday to table highway projects that range from the \$30 million widening of Highway 85 north of Gila Bend to \$4 million for improvements to the intersection of Interstates 10 and 19 near Tucson.

Although the fund started with a \$8.1 billion balance in October 2007, transportation officials say revenue for the past year was \$1 billion below what the government had committed to spend.

Peters blamed the funding shortage on the high price of gasoline, which has prompted Americans to drive less. This means less gas has been purchased, and less gasoline taxes collected for the trust fund. Americans drove 50 billion fewer miles between November 2007 and November 2008 than during the same period a year earlier.

Compounding the problem, she said, is federal lawmakers loading highway spending bills with pet projects, or "earmarks," for their home states.